1. Africa and Japan’s ODA Policy

- Current ODA policy, based on two pillars (ODA Charter 2003)
  - Asia (“priority” region): ODA as a means to promote economic integration
  - The rest of the world: ODA to address global causes
- The 2003 ODA Charter newly introduced agenda, relevant to Africa
  - “Peace building” and “human security”
- But, Japan’s vision for aid to Africa remains tenuous….; Why?
Africa and Japan’s ODA Policy

Historically, “reactive” aid policy to Africa (esp. until the 1980s)

In the 1990s, increased global commitment as top donor—initiating the TICAD process (1993, 98, 2003)

In the 2000s, mounting difficulties under the ODA budget cut (-38% cumulatively from the 1997 peak)

Despite many challenges, the Year 2008 gives new opportunities for Japan’s aid to Africa.

Africa and Japan’s ODA Policy

2008: The “Year of Destiny” of Japan’s aid?

TICAD IV (Tokyo International Conference for African Development): spring

Hosting G8 Summit: July

New JICA: October

Excellent opportunities to demonstrate Japan’s renewed commitment to aid and share its development visions
-- under a new institutional framework
-- domestically and internationally
2. Challenges

- Limited knowledge of Africa and its potential among the Japanese public (for whom ODA budget is accountable)
  - Why Africa (among many competing priorities)?
  - What are prospects for success?, How can growth be generated and sustained?

- Relevance of Japan’s aid model in the African context? (although it appears to have worked in East Asia)
  - Japan’s current aid model is built on its experiences in East Asia [Ishikawa 2005]

Challenges

- Main features of this model include:
  1. Request-based” approach and respect for country ownership (weak involvement in policy conditionality)
  2. Dialogue and discussions building on trust over the long-term
  3. Projects as dominant aid modality (where institutional and policy coherency is provided by recipient govt.)
  4. Active use of loans to support productive sectors, esp. through infrastructure development (loans are repaid as the recipient economy has grown)
Challenges

- Until recently, ODA loans to Africa reduced (related to the Enhanced HIPC Initiative)
  - Remain concerned about debt sustainability
- Emergence of “new aid agenda,” urging Japan to change its aid behavior
  - Governance agenda, involving policy & institutional issues
  - New aid modalities, alignment & harmonization
  - Emphasis on social sectors (esp. early PRSPs), etc.
- Institutional fragmentation of Japan’s ODA (both policy and implementation), adding difficulty to coherent and country-focused approach

3. New Opportunities

- Commitment to increasing aid to Africa despite fiscal stringency
  - Doubling ODA to Africa over three years (2005-07): PM announcement at the G8 Gleneagles Summit in 2005
- Growing concern about the quality of aid within Japan, prompted by ODA budget cut
- Renewed interest in Africa, partly as reaction to China’s growing influence in the region
New Opportunities

- Institutional response to African agenda
  - MOFA: strengthening country assistance programming; formation of “All Japan” field-based team; decision to increase embassies in Africa
  - JICA: reorganization & field delegation, increased TA budget for Africa, peace building & human security
  - JBIC: strengthening the support to low-income countries, through minimal interest rate initiative (0.01%) and the co-financing with AfDB (2006), etc.
- Progress in ODA reforms, including institutional changes (esp. 2006- )

Cf. Latest ODA Reforms

- Unprecedented reform, in terms of the scope and structural changes in ODA policy formulation and implementation

<Three-tier structure>

- Strategizing ODA
- Better policy coordination (within MOFA)
- Effective & efficient aid delivery
  -- Holistic approach; maximizing synergy of multiple aid menu
4. A Proposal for Renovating Japan’s aid to Africa

- Create a success model(s), focusing on selected countries (“demonstration effects”)
  - “Aid for Graduation” – promoting productive sector and “real-sector” concern
  - Providing comprehensive support, ranging from policy advice to concrete activities on the ground
- Flexibly mix bilateral & multilateral resources, and work with development partners, including Asian partners
- Reassess which elements of Japan’s aid model are relevant and which are not in Africa, and focus on its strengths

Issues for Discussions

- What do you think of comparative advantages of Japan, esp. in development and aid?
- What are the issues to be improved by Japan (policies, practices, etc.)?
- How about the role of Asian partners in Africa’s development?
- Any suggestions for TICAD IV and G8 in 2008?

We appreciate your views… !!!
# Evolution of Japan’s Aid to Africa: Five Phases

<table>
<thead>
<tr>
<th>Phases</th>
<th>Japan’s Aid Policy</th>
<th>Aid Policy to Africa</th>
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<tbody>
<tr>
<td>1st Phase:</td>
<td>• Pursuit of short-term economic interests&lt;br&gt;• Establishment of “request-based” approach</td>
<td>• Concentration of aid in Asia&lt;br&gt;• Absence of aid policy to Africa</td>
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<tr>
<td>1954 - 1972</td>
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<td>2nd Phase:</td>
<td>• Expansion of aid linked to economic security</td>
<td>• Growing interest in Africa to secure natural resources and increased aid to Africa&lt;br&gt;• Aid policy to Africa linked to build support for Japan’s role in UN</td>
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<tr>
<td>1973 - 1980</td>
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<td>3rd Phase:</td>
<td>• Using aid as a means to recycle Japan’s economic surplus and increase its global contribution</td>
<td>• Increased aid to Africa and co-financing of SAL&lt;br&gt;• Supporting hunger relief and food security</td>
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<tr>
<td>1981 - 1988</td>
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<td>4th Phase:</td>
<td>• Becoming top donor and using aid for broad policy initiatives as part of global contribution</td>
<td>• Becoming a major donor in Africa&lt;br&gt;• Engagement in political sphere, including the dispatch of SDF&lt;br&gt;• Hosting TICAD I and II (1993, 1998) and exploring new aid initiative in Africa</td>
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<tr>
<td>1989 - 2000</td>
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<td>5th Phase:</td>
<td>• ODA budget cut and policy changes</td>
<td>• Debt forgiveness to HIPCs&lt;br&gt;• Linking aid to peace building&lt;br&gt;• Development partnerships&lt;br&gt;• Supporting NEPAD/AU&lt;br&gt;• TICAD III organized (2003), and TICAD IV planned for 2008</td>
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Trends in Japan’s Bilateral ODA by Region

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<tr>
<th>Year</th>
<th>Asia</th>
<th>Middle East</th>
<th>Africa</th>
<th>Latin America</th>
<th>Oceania</th>
<th>Europe</th>
<th>Others</th>
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<td>1970</td>
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<td>96.2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1980</td>
<td>70.5</td>
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<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>1990</td>
<td>59.3</td>
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<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>2000</td>
<td>54.8</td>
<td>7.5</td>
<td>10.1</td>
<td>8.3</td>
<td>1.3</td>
<td>16.5</td>
<td></td>
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<tr>
<td>2001</td>
<td>56.6</td>
<td>3.9</td>
<td>11.4</td>
<td>8.9</td>
<td>1.6</td>
<td>15.3</td>
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<tr>
<td>2002</td>
<td>60.7</td>
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<td>1.8</td>
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<tr>
<td>2003</td>
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<td>5.2</td>
<td>7.4</td>
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Source: Ministry of Foreign Affairs, Japan’s ODA White Paper (2005)

Trends of Net ODA from G7 Countries 1985-2006
(net disbursement base, US$ million)

Source: OECD/DAC (Development Co-operation Report 2006, CRS online database)